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India's International Investment Position (IIP), September 2016¹

[International Investment Position \(IIP\)](#) is a statistical statement that shows, at a point in time, the value and the composition of (a) financial assets of residents of an economy that are claims on non-residents, and gold bullion held as reserve assets; and (b) liabilities of residents of an economy to non-residents. The difference between an economy's external financial assets and liabilities is its net IIP, which may be positive or negative. Such balance sheet analysis of international accounts is an important input for understanding external sustainability and vulnerability, and is also useful in analysing the economic structure.

The highlights of IIP for the [quarter-ended September 2016](#) are as follows:

I. Overall International Investment Position

- **Net claims of non-residents on India** (as reflected by the net IIP) increased by US\$ 14.8 billion over the previous quarter to US\$ 367.6 billion as at end-September 2016 (Table 1). This change in the net position reflected a US\$ 27.3 billion increase in the value of foreign-owned assets in India *vis-à-vis* a US\$ 12.5 billion increase in the value of Indian Residents' financial assets abroad.
- **Indian residents' financial assets abroad stood** at US\$ 564.8 billion as at end-September 2016 exhibiting an increase of US\$ 12.5 billion over previous quarter mainly due to increase of US\$ 8.5 billion in Reserve assets and US\$ 5.2 billion in currency and deposits, even as direct investment declined by US\$ 3.2 billion during the quarter.
- **Foreign-owned assets in India** increased by US\$ 27.3 billion over the previous quarter to US\$ 932.4 billion as at end-September 2016 mainly due to the increase in direct investment and portfolio investments in India by US\$ 17.6 billion and US\$ 11.6 billion, respectively.
- **Effects of Exchange Rate movement:** Variation in exchange rate of rupee *vis-a-vis* other currencies affected change in liabilities, when valued in US\$ terms. There was a net equity inflow of US\$ 17.8 billion during the period. However, equity liabilities increased by US\$ 23.9 billion from US\$ 421.7 billion in June 2016 to US\$ 445.6 billion in September 2016.

¹ India's quarterly IIP is being disseminated with one quarter lag and the previous quarterly IIP as at end- June 2016 was placed in the public domain on [September 30, 2016](#).

- **The ratio of India's international financial assets to international financial liabilities** stood at 60.6 per cent in September 2016 (61.0 per cent in June 2016).

II. Composition of External Financial Assets and Liabilities

- Reserve Assets continued to have the dominant share (65.9 per cent) in India's international financial assets in September 2016, followed by direct investment abroad (24.8 per cent) (Table 2).
- Direct Investment (33.4 per cent), portfolio investment (24.9 per cent), loans (17.9 per cent), and currency and deposits (14.0 per cent) were the major constituents of the country's financial liabilities in September 2016.

III. Debt Liabilities vis-à-vis Non-Debt Liabilities

- The share of non-debt liabilities increased to 47.8 per cent as at end-September 2016 from 46.6 percent at end-June 2016 (Table 3).

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Jose J. Kattoor
Chief General Manager

Table 1: Overall International Investment Position of India

(US \$ billion)

Period	Sep-15(PR)	Dec-15(PR)	Mar-16(PR)	Jun-16(PR)	Sep-16(P)
Net IIP	-357.0	-361.7	-361.2	-352.8	-367.6
A. Assets	529.5	532.8	550.1	552.3	564.8
1. Direct Investment	135.8	139.0	141.6	143.4	140.2
2. Portfolio Investment	1.7	1.7	2.5	1.6	2.3
2.1 Equity Securities	1.6	1.6	1.5	1.6	2.0
2.2 Debt Securities	0.1	0.1	1.0	0.0	0.3
3. Other Investment	41.7	41.7	45.8	43.8	50.3
3.1 Trade Credits	4.7	4.5	2.9	2.4	2.2
3.2 Loans	4.3	3.7	6.7	4.8	6.3
3.3 Currency & Deposits	16.7	17.3	20.9	21.3	26.5
3.4 Other Assets	16.0	16.2	15.3	15.3	15.3
4. Reserve Assets	350.3	350.4	360.2	363.5	372.0
B. Liabilities	886.5	894.5	911.3	905.1	932.4
1. Direct Investment	271.3	282.6	293.9	294.1	311.7
2. Portfolio Investment	225.4	225.3	224.8	220.5	232.1
2.1 Equity Securities	143.6	141.7	141.9	141.5	148.1
2.2 Debt securities	81.8	83.6	82.9	79.0	84.0
3. Other Investment	389.8	386.6	392.6	390.5	388.6
3.1 Trade Credits	81.3	79.6	82.3	82.1	81.9
3.2 Loans	171.7	170.8	170.5	170.3	167.0
3.3 Currency & Deposits	122.0	122.8	127.1	126.5	130.2
3.4 Other Liabilities	14.8	13.4	12.7	11.6	9.5
Memo item: Assets to Liability Ratio (%)	59.7	59.6	60.4	61.0	60.6

R: Revised PR: Partially revised

P: Provisional;

The sum of the constituent items may not add to the total due to rounding off.

Table 2: Composition of International Financial Assets and Liabilities of India

(per cent)

Period	Sep-15(PR)	Dec-15(PR)	Mar-16(PR)	Jun-16(PR)	Sep-16(P)
A. Assets					
1. Direct Investment	25.6	26.1	25.7	26.0	24.8
2. Portfolio Investment	0.3	0.3	0.5	0.3	0.4
3. Other Investment	7.9	7.8	8.3	7.9	8.9
4. Reserve Assets	66.2	65.8	65.5	65.8	65.9
Assets/Liabilities	100.0	100.0	100.0	100.0	100.0
B. Liabilities					
1. Direct Investment	30.6	31.6	32.2	32.5	33.4
2. Portfolio Investment	25.4	25.2	24.7	24.4	24.9
3. Other Investment	44.0	43.2	43.1	43.1	41.7

Table 3: Share of External Debt and Non-Debt Liabilities of India

(per cent)

Period	Sep-15(PR)	Dec-15(PR)	Mar-16(PR)	Jun-16(PR)	Sep-16(P)
<i>Non-Debt Liabilities</i>	45.3	46.0	46.3	46.6	47.8
<i>Debt Liabilities</i>	54.7	54.0	53.7	53.4	52.2
Total	100.0	100.0	100.0	100.0	100.0